

### **Amended Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidy act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995, as amended. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The granting of subsidies shall be guided by the following principles and criteria:

- Each project shall be evaluated based on its perceived importance and benefit to the community from all perspectives deemed relevant, including created or retained employment positions, where applicable.
- The Act now provides that, after public hearing thereon, if the creation or retention of jobs is determined not to be a goal of a business subsidy, the wage and job goals may be set at zero. Where creation or retention of jobs is a goal, the specific number of jobs to be created or retained shall be stated in the subsidy agreement. Where creation of new jobs is required, those all non-retail jobs shall have a wage floor of the 25th wage percentile of all occupations in the metro area as determined by DEED (Minnesota Department of Employment and Economic Development).
- The specific minimum requirements under Section 116J.994, Subdivision 2, of the Act that a recipient must meet in return for the business subsidy shall be, where applicable:
  - The retention of existing jobs,
  - The creation of the specified number of new jobs at or exceeding the wage floor, and/or
  - Where the subsidy relates to the acquisition of personal property or the acquisition and/or physical development of real property, the substantial completion of the acquisition or development thereof.

Where applicable, the foregoing shall also be the stated measurable, specific and tangible goals for the subsidy under the related subsidy agreement, as provided in Section 116J.994, Subdivision 3(3), of the Act.

- It is recognized that a particular project which does not include as a goal the creation or retention of jobs may nonetheless be worthy of support and subsidy in respect of other perceived benefits.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably specific and demonstrable evidence of the job loss, absent the subsidy.
- Subject to the wage floor, where applicable, the setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy, as may be permitted by but subject to the procedural and other requirements of the Act.
- As provided in the Act, deviations from the criteria of this Policy are permitted by documenting in writing the reasons for the deviation and attaching a copy of the document to the next annual report to the Minnesota Department of Employment and Economic Development (DEED).

This Policy is intended to conform to the requirements of the Act, including the year 2000 amendments thereto. A copy of this Policy (and any amendments hereto) shall be submitted along with the first annual report to DEED following its adoption.

Originally Adopted by Blaine Economic Development Authority: September 16, 1999

Amended Adopted by Blaine Economic Development Authority: June 3, 2004

Adopted by City of Blaine: June 3, 2004



# CITY OF BLAINE

**TO:** Board of Commissioners  
Economic Development Authority

**APPROVED:** *Ru*

**FROM:** Bryan K. Schafer, Planning Director *BKS*

**DATE:** June 3, 2004

**NO.:** 4

**ITEM:** **PUBLIC HEARING** - Resolution No. 04-09 Amending the Policy and Criteria for Granting Business Subsidies under Minnesota Statutes, Sections 116J.993 through 116J.995

## SCHEDULE OF ACTIONS:

- Economic Development Authority (Public Hearing)..... 06/03/04

## BACKGROUND:

The 1999 Minnesota State Legislature adopted the Business Subsidies Act, Minnesota Statutes, Sections 116J.993 through 116J.995. As a result of this action, each local government authority must hold a public hearing and adopt its own policy. No subsidy to any business can be granted by the local governing agency until a policy has been adopted. This Policy sets basic standards. Any request for future assistance may set additional specific standards to be met.

The EDA approved a Subsidy Policy in 1999. The attached is an updated policy and would replace the original. The original is also attached for reference.

## RECOMMENDED EDA ACTION:

By motion, approve Resolution No. 04-09.

## ATTACHMENTS:

Resolution No. 04-09  
Amended Business Subsidy Policy  
1999 Business Subsidy Policy

**BLAINE ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION NO. 04-09**

**AMENDING THE POLICY AND CRITERIA FOR  
GRANTING BUSINESS SUBSIDIES UNDER  
MINNESOTA STATUTES, SECTIONS 116J.993 THROUGH 116J.995**

**BE IT RESOLVED** by the Board of Commissioners (the "Board") of the Blaine Economic Development Authority (the "EDA"), as follows:

**WHEREAS**, it is one of the goals and purposes of the Blaine EDA to improve the community, strengthen the tax base and enhance employment opportunities; and

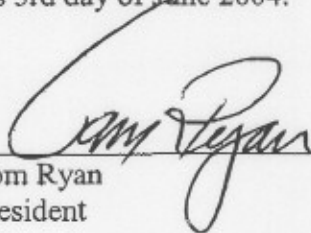
**WHEREAS**, the State of Minnesota at its 1999 Legislative Session adopted the Business Subsidies Act; and

**WHEREAS**, as a result of this legislation, each local government authority must hold a public hearing and adopt its own policy; and

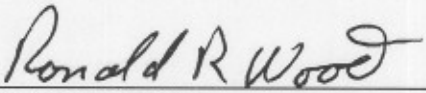
**WHEREAS**, no governing agency can grant a subsidy until a policy has been adopted.

**NOW, THEREFORE, BE IT RESOLVED** that the Blaine Economic Development Authority of the City of Blaine, Minnesota, hereby adopt the Business Subsidy Policy here attached.

**PASSED** by the Blaine Economic Development Authority this 3rd day of June 2004.

  
Tom Ryan  
President

ATTEST:

  
Ronald R. Wood  
Executive Director